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LOWENSTEIN SANDLER PC
Attorneys at Law

DAVID M. WISSERT
Associate

Tel 973.597.2560 Fax 973.597.2561
dwissert@lowenstein.com

April 13, 1998

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Robert J. Flynn
Senior Claims Specialist
Gryphon Insurance Group
Associated International Insurance Company
21820 Burbank Blvd.
Suite 330
Woodland Hills, CA 91367-6485

**Re: Potential Claim for Environmental Damages in the
Coeur d'Alene Basin, Northern Idaho
Insured: Group R Co., Inc.
AIIC Claim Nos.: A11-15360; A11-15361; A11-15363; A11-15363**

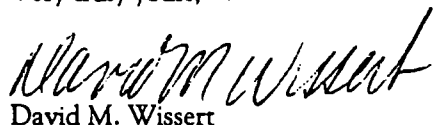
Dear Mr. Flynn:

Thank you for your letter of March 4, 1998, in which you request additional information with respect to the two billion dollar (\$2,000,000.00) damages figure contained in my letter of February 5, 1998 and in which you request addition information with respect to the corporate relationships between the various entities listed in our notice letter of October 31, 1997. Please be advised that currently we do not have any additional information with respect to the damages at the above-referenced site, nor do we have a breakdown of that figure between clean-up costs and natural resource damages claims. If we learn any additional information with respect to the damages at the site, we will provide it to you.

With respect to the corporate relationships between the entities listed in our notice letter, we currently are working with our client to assemble the information relating to this issue. Once we have assembled the relevant information, we will provide you with a response.

We will continue to keep you updated with respect to the progress of this matter. Thank you for your attention and courtesies.

Very truly yours,


David M. Wissert

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04/13/98 0503086.01

cc: Michael David Lichtenstein, Esq.

65 Livingston Avenue

Roseland New Jersey
07068-1791



Telephone 973.597.2500
Fax 973.597.2400

www.lowenstein.com



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